

# *Library of Alexandria Foundation*

## FAX Cover Sheet

Date: February 28, 1996

To: Greg Vaughan, Morgan Stanley

From: Deanna Weber

FAX: 415-576-2361

FAX: (415) 826-4423

Phone: 415-576-2152

Phone: (415) 826-4473

Pages Transmitted (including cover sheet): **5**

Remarks:

Hi Greg,

The following pages include Brewster's signature. Let me know if you do not receive all of the pages.

Hope this finds you well.

Regards,



**MORGAN STANLEY**

**555 California Street  
San Francisco, CA 94104  
FAX# (415) 576-2361**

TO: *Brewster Kahle*

COMPANY:

FAX#: *826 - 4423*

DATE: *2-27-96*

SENT BY: *Greg Vaughan*  
*415-576-2152*

# of Pages to Follow: \_\_\_\_\_

.....

NOTES:

*Please sign the signature lines on each  
of the enclosed confirms and fax them  
back to 415-576-2361. Thank you.*

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**Confirm#: CAGJM4**

**Special Events:**

- (i) In the event of a cash tender offer such that the Option Security ceases to exist, MSCO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSCO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:**

  - a. Time Remaining:** The number of days from the Unwind Date up to and including the Expiration Date.
  - b. Stock Price:** The closing price of the Option Security on the Unwind Date.
  - c. Volatility:** The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.
  - d. Dividend Yield:** Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.
- (ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.**

Date: February 8, 1996

Reference Number: CAGJM4

Account Number: 014705222

This Confirmation evidences a complete binding agreement between MS&Co. and Counterparty as to the terms of the Transaction to which this Confirmation relates.

In addition, MS&Co. and Counterparty agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form"), with such modifications as MS&Co. and Counterparty will in good faith agree. Upon the execution by MS&Co. and Counterparty of such agreement, this Confirmation will supplement, form a part of, and be subject to that agreement. All provisions contained or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (with the Schedule distributed to you by us) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.

Counterparty and MS&Co. each represents to the other party that: (A) it is not relying upon any representation (whether written or oral) of the other party other than the representations expressly set forth herein, in any credit support document or in the ISDA Form; and (B) in connection with the ISDA Form, this Transaction and any other documentation relating to this Transaction, Counterparty represents and acknowledges that (i) it is entering into this Transaction with a full understanding of the material terms and risks thereof, and it is capable of assuming those risks, (ii) it has made its investment and trading decisions (including decisions regarding the suitability of this Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not in reliance upon any view expressed by MS&Co.; (iii) MS&Co. is not acting as a fiduciary or an advisor for it, and all decisions have been the result of arms' length negotiations between the parties; and (iv) MS&Co. has not given to it any assurance or guarantee as to the expected performance or result of this Transaction.

All Transactions (when applicable) are subject to the constitution, by-laws, rules, customs, practices and interpretations of the exchange or market where executed and of the clearing agency through which delivery or payment or comparison of data respecting the terms of settlement is effected and of all applicable regulatory agencies or authorities (including, when applicable, the United States Securities and Exchange Commission, Federal Reserve Board, and National Association of Securities Dealers, Inc.). The time of execution of this Transaction will be furnished to Counterparty upon request. This Confirmation and the Transaction evidenced hereby will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and wholly performed within New York, without reference to choice of law doctrine.

BREWSTER KAHLE

  
(signature)

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

MORGAN STANLEY &amp; CO. INCORPORATED

  
(signature) **RALPH F. REYNOLDS**  
Name: **MANAGING DIRECTOR** Date: \_\_\_\_\_

FEB 08 1996

Sales Person (print ID#): JAG (sign/initial) Y0316Trader (print ID#): mm (sign/initial) 13021

vaughn

Date: February 8, 1996

Reference Number: CAGJM4

Account Number: 014705222

**OPENING  
CONFIRMATION  
OF THE OVER-THE-COUNTER EQUITY OPTION TRANSACTION  
BETWEEN:  
MORGAN STANLEY & CO. INCORPORATED ("MS&Co.")  
and  
BREWSTER KAHLE  
("Counterparty")**

Please check this Confirmation carefully and immediately so that errors or discrepancies can be promptly identified and rectified. Please sign and return to Jonathan Notley at Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, Phone: (212) 761-5361, Facsimile: (212) 761-0546.

<b>Buyer:</b>	<b>Counterparty</b>
<b>Seller:</b>	<b>MS&amp;Co.</b>
<b>Trade Date:</b>	<b>February 7, 1996</b>
<b>Premium Payment Date:</b>	<b>February 12, 1996</b>
<b>Option Security:</b>	<b>AMERICA ONLINE INC DEL(COM)</b>
<b>Option Style:</b>	<b>European</b>
<b>Option Type:</b>	<b>Put</b>
<b>Number of Units:</b>	<b>33,000</b>
<b>Multiplier:</b>	<b>1</b>
<b>Strike Price per Share (USD):</b>	<b>47.8750</b>
<b>Expiration Date:</b>	<b>June 1, 1997</b>
<b>Premium (USD):</b>	<b>391,710.00</b>
<b>Premium per Share (USD):</b>	<b>11.8700</b>
<b>Settlement Currency:</b>	<b>US Dollar("USD")</b>
<b>Price Source:</b>	<b>Nasdaq</b>
<b>Exercise Time:</b>	<b>In accordance with practice for exercise used by the Exchange</b>
<b>Notice Time:</b>	<b>Not Applicable</b>
<b>Automatic Exercise:</b>	<b>Applicable</b>
<b>Settlement Date:</b>	<b>3 Business Days after Expiration Date</b>
<b>Market Value Determination:</b>	<b>Average of Official Market Closing Bid price and Ask price as per Exchange</b>
<b>Manner of Settlement:</b>	<b>Cash Settlement</b>
<b>Calculation Agent:</b>	<b>MS&amp;Co.</b>

Premium is due to be paid to the Seller by the Buyer on the Premium Payment Date using the wire instructions listed below:

Seller's  
Wire Instructions:  
Citibank, NY  
ABA #021-000-089  
A/C Morgan Stanley, NY  
A/C 388-90774

**Confirm#: CAGJM5**

**Special Events:**

- (i) In the event of a cash tender offer such that the Option Security ceases to exist, MSCO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSCO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:**

  - a. Time Remaining: The number of days from the Unwind Date up to and including the Expiration Date.**
  - b. Stock Price: The closing price of the Option Security on the Unwind Date.**
  - c. Volatility: The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.**
  - d. Dividend Yield: Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.**
- (ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.**

Date: February 8, 1996

Reference Number: CAGJMS

Account Number: 014708222

This Confirmation evidences a complete binding agreement between MS&Co. and Counterparty as to the terms of the Transaction to which this Confirmation relates.

In addition, MS&Co. and Counterparty agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form"), with such modifications as MS&Co. and Counterparty will in good faith agree. Upon the execution by MS&Co. and Counterparty of such agreement, this Confirmation will supplement, form a part of, and be subject to that agreement. All provisions contained or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (with the Schedule distributed to you by us) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.

Counterparty and MS&Co. each represents to the other party that: (A) it is not relying upon any representation (whether written or oral) of the other party other than the representations expressly set forth herein, in any credit support document or in the ISDA Form; and (B) in connection with the ISDA Form, this Transaction and any other documentation relating to this Transaction, Counterparty represents and acknowledges that (i) it is entering into this Transaction with a full understanding of the material terms and risks thereof, and it is capable of assuming those risks, (ii) it has made its investment and trading decisions (including decisions regarding the suitability of this Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not in reliance upon any view expressed by MS&Co.; (iii) MS&Co. is not acting as a fiduciary or an advisor for it, and all decisions have been the result of arms' length negotiations between the parties; and (iv) MS&Co. has not given to it any assurance or guarantee as to the expected performance or result of this Transaction.

All Transactions (when applicable) are subject to the constitution, by-laws, rules, customs, practices and interpretations of the exchange or market where executed and of the clearing agency through which delivery or payment or comparison of data respecting the terms of settlement is effected and of all applicable regulatory agencies or authorities (including, when applicable, the United States Securities and Exchange Commission, Federal Reserve Board, and National Association of Securities Dealers, Inc.). The time of execution of this Transaction will be furnished to Counterparty upon request. This Confirmation and the Transaction evidenced hereby will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and wholly performed within New York, without reference to choice of law doctrine.

BREWSTER KAHLER

  
(signature)

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

MORGAN STANLEY &amp; CO. INCORPORATED

  
(signature)Name: **RALPH F. REYNOLDS** Date: **FEB 08 1996**  
**MANAGING DIRECTOR**Sales Person (print ID#): 40316 (sign/initial) JAGTrader (print ID#): 13027 (sign/initial) mm

Date: February 8, 1996

Reference Number: CAGJMS

Account Number: 014705222

**OPENING  
CONFIRMATION  
OF THE OVER-THE-COUNTER EQUITY OPTION TRANSACTION  
BETWEEN:  
MORGAN STANLEY & CO. INCORPORATED ("MS&Co.")  
and  
BREWSTER KAHLE  
("Counterparty")**

Please check this Confirmation carefully and immediately so that errors or discrepancies can be promptly identified and rectified. Please sign and return to Jonathan Notley at Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036. Phone: (212) 761-5361, Facsimile: (212) 761-0546.

<b>Buyer:</b>	<b>MS&amp;Co.</b>
<b>Seller:</b>	<b>Counterparty</b>
<b>Trade Date:</b>	<b>February 7, 1996</b>
<b>Premium Payment Date:</b>	<b>February 12, 1996</b>
<b>Option Security:</b>	<b>AMERICA ONLINE INC DEL(COM)</b>
<b>Option Style:</b>	<b>European</b>
<b>Option Type:</b>	<b>Call</b>
<b>Number of Units:</b>	<b>33,000</b>
<b>Multiplier:</b>	<b>1</b>
<b>Strike Price per Share (USD):</b>	<b>48.8750</b>
<b>Expiration Date:</b>	<b>June 1, 1997</b>
<b>Premium (USD):</b>	<b>423,060.00</b>
<b>Premium per Share (USD):</b>	<b>12.8200</b>
<b>Settlement Currency:</b>	<b>US Dollar("USD")</b>
<b>Price Source:</b>	<b>Nasdaq</b>
<b>Exercise Time:</b>	<b>In accordance with practice for exercise used by the Exchange</b>
<b>Notice Time:</b>	<b>Not Applicable</b>
<b>Automatic Exercise:</b>	<b>Applicable</b>
<b>Settlement Date:</b>	<b>3 Business Days after Expiration Date</b>
<b>Market Value Determination:</b>	<b>Average of Official Market Closing Bid price and Ask price as per Exchange</b>
<b>Manner of Settlement:</b>	<b>Cash Settlement</b>
<b>Calculation Agent:</b>	<b>MS&amp;Co.</b>

Premium is due to be paid to the Seller by the Buyer on the Premium Payment Date using the wire instructions listed below:

Seller's  
Wire Instructions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



**Confirmed: CAG/M4**

**Special Events:**

(i) In the event of a cash tender offer such that the Option Security ceases to exist, MSCO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSCO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:

a. **Time Remaining:** The number of days from the Unwind Date up to and including the Expiration Date.

b. **Stock Price:** The closing price of the Option Security on the Unwind Date.

c. **Volatility:** The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.

d. **Dividend Yield:** Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.

(ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.



**Confirmed: CAG:MS**

**Special Events:**

(i) In the event of a cash tender offer such that the Option Security ceases to exist, MSO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:

a. Time Remaining: The number of days from the Unwind Date up to and including the Expiration Date.

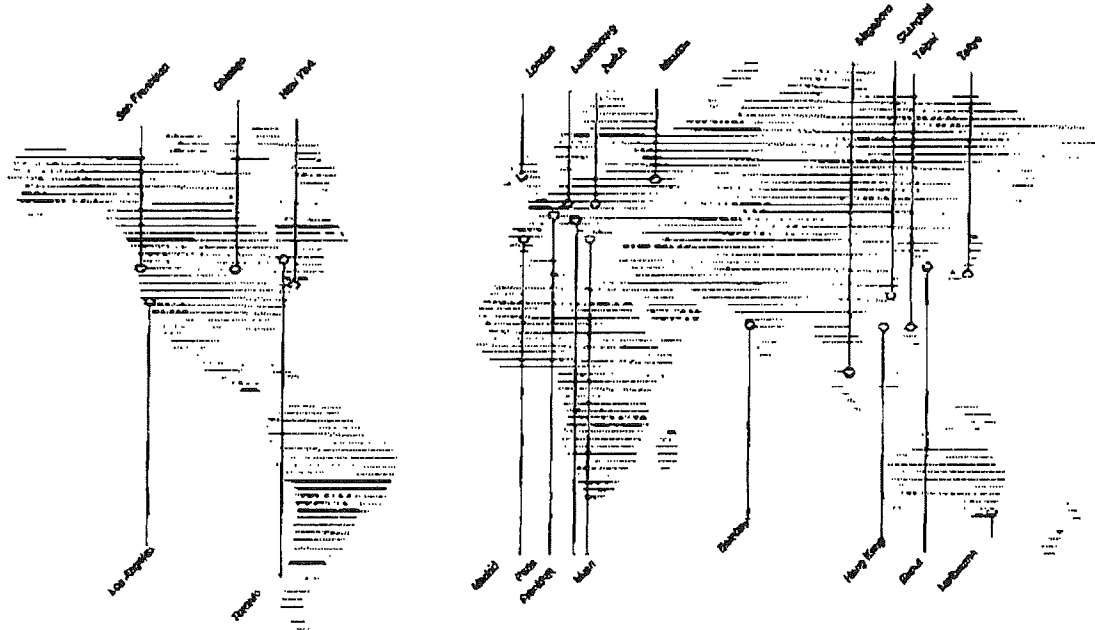
b. Stock Price: The closing price of the Option Security on the Unwind Date.

c. Volatility: The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.

d. Dividend Yield: Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.

(ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.

**MORGAN STANLEY & CO., INC.**  
**WORLDWIDE EQUITY DERIVATIVES**



TO: Greg Vaughn  
FROM: Judith Glaser  
FAX TO #: 415-576-2361  
MORGAN STANLEY  
TELEPHONE NUMBER: (212) 761-5316

FAX NUMBER: (212) 761-0119

DATE: 2/27/95

NO. OF PAGES: 6  
(INCLUDING COVER SHEET)

Date: February 26, 1996

Reference Number: CAGNK2

Account Number: 014705222

OPENING  
CONFIRMATION  
OF THE OVER-THE-COUNTER EQUITY OPTION TRANSACTION  
BETWEEN:  
MORGAN STANLEY & CO. INCORPORATED ("MS&Co.")  
and  
BREWSTER KAHLE  
("Counterparty")

Please check this Confirmation carefully and immediately so that errors or discrepancies can be promptly identified and rectified. Please sign and return to Jeff Pomeranz at Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036, Phone: (212) 761-5361. Facsimile: (212) 761-0546.

Buyer:	MS&Co.
Seller:	Counterparty
Trade Date:	February 22, 1996
Premium Payment Date:	February 27, 1996
Option Security:	AMERICA ONLINE INC DEL(COM)
Option Style:	European
Option Type:	Call
Number of Units:	34,661
Multiplier:	1
Strike Price per Share (USD):	53.5000
Expiration Date:	June 1, 1997
Premium (USD):	482,134.51
Premium per Share (USD):	13.9100
Settlement Currency:	US Dollar("USD")
Price Source:	Nasdaq
Exercise Time:	In accordance with Exchange practice for exercise.
Notice Time:	Not Applicable
Automatic Exercise:	Applicable
Settlement Date:	3 Business Days after Expiration Date
Market Value Determination:	Average of Official Market Closing Bid price and Ask price as per Exchange
Manner of Settlement:	Cash Settlement
Calculation Agent:	MS&Co.

Premium is due to be paid to the Seller by the Buyer on the Premium Payment Date using the wire instructions listed below:

Seller's  
Wire Instructions:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Confirm#: CAGNK2**

**Special Events:**

- (i) In the event of a cash tender offer such that the Option Security ceases to exist, MSCO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSCO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:
  - a. Time Remaining: The number of days from the Unwind Date up to and including the Expiration Date.
  - b. Stock Price: The closing price of the Option Security on the Unwind Date.
  - c. Volatility: The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.
  - d. Dividend Yield: Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.
- (ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.

Date: February 26, 1996

Reference Number: CAGNK2

Account Number: 014705222

This Confirmation evidences a complete binding agreement between MS&Co. and Counterparty as to the terms of the Transaction to which this Confirmation relates.

In addition, MS&Co. and Counterparty agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form"), with such modifications as MS&Co. and Counterparty will in good faith agree. Upon the execution by MS&Co. and Counterparty of such agreement, this Confirmation will supplement form a part of, and be subject to that agreement. All provisions contained or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (with the Schedule distributed to you by us) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.

Counterparty and MS&Co. each represents to the other party that: (A) it is not relying upon any representation (whether written or oral) of the other party other than the representations expressly set forth herein, in any credit support document or in the ISDA Form; and (B) in connection with the ISDA Form, this Transaction and any other documentation relating to this Transaction, Counterparty represents and acknowledges that (i) it is entering into this Transaction with a full understanding of the material terms and risks thereof, and it is capable of assuming those risks, (ii) it has made its investment and trading decisions (including decisions regarding the suitability of this Transaction) based upon its own judgment and upon any advice from such advisor as it has deemed necessary, and not in reliance upon any view expressed by MS&Co.; (iii) MS&Co. is not acting as a fiduciary or an advisor for it, and all decisions have been the result of arms' length negotiations between the parties; and (iv) MS&Co. has not given to it any assurance or guarantee as to the expected performance or result of this Transaction.

All Transactions (when applicable) are subject to the constitution, by-laws, rules, customs, practices and interpretations of the exchange or market where executed and of the clearing agency through which delivery or payment or comparison of data respecting the terms of settlement is effected and of all applicable regulatory agencies or authorities (including, when applicable, the United States Securities and Exchange Commission, Federal Reserve Board, and National Association of Securities Dealers, Inc.). The date of execution of this Transaction will be furnished to Counterparty upon request. This Confirmation and the Transaction evidenced hereby will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and wholly performed within New York, without reference to choice of law doctrine.

BREWSTER KAHLE

(Signature)

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

MORGAN STANLEY &amp; CO. INCORPORATED

(Signature)

Name: **RALPH F. REYNOLDS** Title: **MANAGING DIRECTOR** Date: **FEB 26 1996**Sales Person (print ID#): **JAG 40216** (sign/initial) \_\_\_\_\_Trader (print ID#): **13027 MM** (sign/initial) \_\_\_\_\_

**Date: February 26, 1996****Reference Number: CAGNK3****Account Number: 014705222**

**OPENING  
CONFIRMATION  
OF THE OVER-THE-COUNTER EQUITY OPTION TRANSACTION  
BETWEEN:  
MORGAN STANLEY & CO. INCORPORATED ("MS&Co.")  
and  
BREWSTER KAHLE  
("Counterparty")**

Please check this Confirmation carefully and immediately so that errors or discrepancies can be promptly identified and rectified. Please sign and return to Jeff Pomcranz at Morgan Stanley & Co. Incorporated, 1585 Broadway, New York, New York 10036. Phone: (212) 761-5361, Facsimile: (212) 761-0546.

<b>Buyer:</b>	<b>Counterparty</b>
<b>Seller:</b>	<b>MS&amp;Co.</b>
<b>Trade Date:</b>	<b>February 22, 1996</b>
<b>Premium Payment Date:</b>	<b>February 27, 1996</b>
<b>Option Security:</b>	<b>AMERICA ONLINE INC DEL(COM)</b>
<b>Option Style:</b>	<b>European</b>
<b>Option Type:</b>	<b>Put</b>
<b>Number of Units:</b>	<b>34,661</b>
<b>Multiplier:</b>	<b>1</b>
<b>Strike Price per Share (USD):</b>	<b>52.5000</b>
<b>Expiration Date:</b>	<b>June 1, 1997</b>
<b>Premium (USD):</b>	<b>442,274.36</b>
<b>Premium per Share (USD):</b>	<b>12.7600</b>
<b>Settlement Currency:</b>	<b>US Dollar("USD")</b>
<b>Price Source:</b>	<b>Nasdaq</b>
<b>Exercise Time:</b>	<b>In accordance with Exchange practice for exercise.</b>
<b>Notice Time:</b>	<b>Not Applicable</b>
<b>Automatic Exercise:</b>	<b>Applicable</b>
<b>Settlement Date:</b>	<b>3 Business Days after Expiration Date</b>
<b>Market Value Determination:</b>	<b>Average of Official Market Closing Bid price and Ask price as per Exchange</b>
<b>Manner of Settlement:</b>	<b>Cash Settlement</b>
<b>Calculation Agent:</b>	<b>MS&amp;Co.</b>

Premium is due to be paid to the Seller by the Buyer on the Premium Payment Date using the wire instructions listed below:

**Seller's  
Wire Instructions:  
Citibank, NY  
ABA #021-000-089  
A/C Morgan Stanley, NY  
A/C 388-90774**

**Confirm#: CAGNK3**

**Special Events:**

- (i) In the event of a cash tender offer such that the Option Security ceases to exist, MSCO shall have the right to terminate the Transaction at such time without penalty ("Early Unwind"). MSCO will notify Counterparty of the date for an Early Unwind ("Unwind Date"). Upon Early Unwind, each Option will terminate and be sold by Buyer and bought by Seller at Fair Market Value. Fair Market Value of each Option will be determined by the Calculation Agent using a conventional option valuation model deemed acceptable by the Calculation Agent (or using any other means mutually acceptable to both Buyer and Seller). In the case of Early Unwind, the fair market value will be affected by, but not limited to, the following factors:**

  - a. Time Remaining:** The number of days from the Unwind Date up to and including the Expiration Date.
  - b. Stock Price:** The closing price of the Option Security on the Unwind Date.
  - c. Volatility:** The average of the 21-day volatility of the Option Security for each Business Day during the 3 months prior to the Unwind Date.
  - d. Dividend Yield:** Calculated using dividend amounts payable on regular dividend payment dates on the Option Security as estimated and determined by the Calculation Agent for the period beginning on the Unwind Date and ending on the Expiration Date.
- (ii) If the issuer of the Option Security announces any change in its dividend policy before the Expiration Date, the Strike Price per share will be adjusted by the Calculation Agent in an amount it determines is appropriate.**



Date: February 26, 1996

Reference Number: CAGNK3

Account Number: 014705222

This Confirmation evidences a complete binding agreement between MS&Co. and Counterparty as to the terms of the Transaction to which this Confirmation relates.

In addition, MS&Co. and Counterparty agree to use all reasonable efforts promptly to negotiate, execute, and deliver an agreement in the form of the ISDA Master Agreement (Multicurrency-Cross Border) (the "ISDA Form"), with such modifications as MS&Co. and Counterparty will in good faith agree. Upon the execution by MS&Co. and Counterparty of such agreement, this Confirmation will supplement, form a part of, and be subject to that agreement. All provisions contained or incorporated by reference in that agreement upon its execution will govern this Confirmation except as expressly modified below. Until we execute and deliver that agreement, this Confirmation, together with all other documents referring to the ISDA Form (each a "Confirmation") confirming transactions (each a "Transaction") entered into between us (notwithstanding anything to the contrary in a Confirmation), shall supplement, form a part of, and be subject to an agreement in the form of the ISDA Form as if we had executed an agreement in such form (with the Schedule distributed to you by us) on the Trade Date of the first such Transaction between us. In the event of any inconsistency between the provisions of that agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction.

Counterparty and MS&Co. each represents to the other party that: (A) it is not relying upon any representation (whether written or oral) of the other party other than the representations expressly set forth herein, in any credit support document or in the ISDA Form, and (B) in connection with the ISDA Form, this Transaction and any other documentation relating to this Transaction, Counterparty represents and acknowledges that (i) it is entering into this Transaction with a full understanding of the material terms and risks thereof, and it is capable of assuming those risks, (ii) it has made its investment and trading decisions (including decisions regarding the suitability of this Transaction) based upon its own judgment and upon any advice from such advisors as it has deemed necessary, and not in reliance upon any view expressed by MS&Co., (iii) MS&Co. is not acting as a fiduciary or an advisor for it, and all decisions have been the result of arms' length negotiations between the parties; and (iv) MS&Co. has not given to it any assurance or guarantee as to the expected performance or result of this Transaction.

All Transactions (when applicable) are subject to the constitution, by-laws, rules, customs, practices and interpretations of the exchange or market where executed and of the clearing agency through which delivery or payment or comparison of data respecting the terms of settlement is effected and of all applicable regulatory agencies or authorities (including, when applicable, the United States Securities and Exchange Commission, Federal Reserve Board, and National Association of Securities Dealers, Inc.). The time of execution of this Transaction will be furnished to Counterparty upon request. This Confirmation and the Transaction evidenced hereby will be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and wholly performed within New York, without reference to choice of law doctrine.

BREWSTER KAHLE

(Signature)

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

MORGAN STANLEY &amp; CO. INCORPORATED

(signature)

RALPH E. REYNOLDS  
MANAGING DIRECTOR

Name: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

FEB 26 1996

Sales Person (print ID#): 40316 (sign/initial) JAG

Trader (print ID#): 13027 (sign/initial) MW